June 9, 2006

Mr. Wilson:

I am responding to your May 26, 2006 email to Bret Lane requesting additional information pertaining to the Sempra Energy Utilities comments to the 1813 Study.

I have gathered the information from various sources throughout the Company. The information has been inserted below each question you asked. Some of the information is contained on maps, CD's and construction plans that I am sending to you via FedEx.

Please feel free to contact me if you require further information.

Jon C. Taylor
Land & Right of Way Manager
Southern California Gas Company
jtaylor@semprautilities.com
phone: 213.244.5067
cell: 213.247.3323
efax: 213.226.4236

From: Wilson, Rollie [mailto:Rollie.Wilson@hq.doe.gov]
Sent: Friday, May 26, 2006 10:24 AM
To: Lane, J. Bret
Cc: Meyer, David; Bob_Middleton@ios.doi.gov; Francois, Darryl; Hocking, Elizabeth K.
Subject: Follow up to 1813 Comments

Hi Bret,

I have a few follow up questions on the 1813 comments you submitted on May 15. Any information you can provide as soon as possible would help us greatly for the draft report. Please email or call if you have questions. Thanks.

- In the Transwestern and El Paso example, you state that the amount of gas your ratepayers receive from these pipelines is "approximately 2 Bcf/day." Can you provide a more exact number? Or, if you cannot give an exact number what is the range?

Gas receipts for the last 17 months, from January 2005 through May 2006, ranged from 0.950 Bcf/d to 2.28 Bcf/d, and averaged 1.55 Bcf/d.

- Also in the Transwestern and El Paso example, do you know if these companies assign the ROW cost of a particular pipeline directly to its downstream customers? Or, do they spread they cost over their entire system?

Interstate pipeline costs, which include ROW costs, are spread to all shippers, with each shipper's portion determined through rates periodically approved by the FERC.

- Finally, in the Transwestern and El Paso example, do you know how much of these ROW costs end up in your ratepayers bills? Or, can you provide an estimate?

All interstate pipeline costs incurred by SoCalGas and SDG&E are passed through to the utility ratepayers. It is not possible to break out how the ROW costs flow to individual utilities since these costs are considered in rate case filings and litigation, but these costs will ultimately raise the costs to the utility ratepayers.

- In the Valley-Rainbow Interconnect example, you reference "environmental impact." Was an environmental impact document prepared by a federal, state, or local government? Do you have a copy you can forward – electronically if possible? What were the other alternative routes studied?

SDG&E prepared a Proponent's Environmental Assessment (PEA), which was submitted to the California Public Utility Commission (CPUC) as part of the CPCN application in March 2001. In November 2002 the CPUC issued a Valley Rainbow 500kV Interconnect Project - Interim Preliminary Report on Alternatives Screening. (The screening report was prepared for the CPUC by Dudek & Associates.) CD's containing these documents are being sent to you by overnight mail. The PEA covered several alternative routes that SDG&E evaluated. The screening report included several additional routes that were evaluated as part of the CPUC evaluation.

- In their May 15th submission, the Pechanga Band states that one of the reasons SDG&E desired to construct the Valley-Rainbow was to serve loads and maintain reliability in San Diego. Is that correct? Without the line, has SDG&E had any reliability issues in San Diego? Has SDG&E been able to serve the load in San Diego? Were other facilities constructed to meet reliability and load needs?

The Valley-Rainbow Interconnect was proposed to maintain reliability and serve load in SDG&E's service territory, which includes San Diego and southern Orange counties. Since the CPUC denied approval of the project, in order to avoid reliability issues, SDG&E has entered into several agreements that added new generation in its service territory, completed infrastructure enhancements to increase import capability from an existing interconnection, and entered into agreements to reduce peak demand. In July 2005 the 46 MW Miramar Energy Facility which SDG&E owns began operation. In the fall of 2005 the Kumeyaay Wind Farm began operation and 50MW was declared commercial in December 2005. SDG&E has a power purchase agreement with the Wind Farm. Also in the fall of 2005, SDG&E's Palomar Energy Center began testing and 541MW was declared commercial in March 2006. In addition, SDG&E has entered into a series of transmission infrastructure upgrades in the southern portion of its system to relieve congestion and increase import capabilities from the south and east. (Upgrades were completed in 2004, 2005, and 2006) SDG&E also solicited and received two demand response programs which serve to reduce system loads. Through these generation projects and related system upgrades SDG&E has been able to maintain reliable service to their customers. Currently, SDG&E is proposing a new 500kV interconnect into the East, the Sunrise Powerlink, to replace the infrastructure needs that would have been provided by the Valley-Rainbow Interconnect.

• It was not clear from your comments why SDG&E unable to construct the Valley-Rainbow line. Please clarify.

SDG&E filed for CPUC approval of the Valley-Rainbow Interconnect in March 2001. In December 2002, the CPUC denied approval (Decision 01-12-066) for SDG&E to proceed with the project. SDG&E and the Cal ISO requested a rehearing and modification of this decision in January 2003. The CPUC denied the rehearing request in May 2003 and denied the Petition For Modification in June 2003. Therefore, SDG&E would not have the authority for condemnation of land required to obtain the required transmission ROW and it would be a very unlikely that SDG&E would be able to obtain rate recovery of the cost of construction given the CPUC official denial of the need for the project. The primary basis of the CPUC denial of the Valley-Rainbow Interconnect was a new CPUC practice to only look 5 years into the future. Because of the potential construction of a speculative generation project, (which ultimately was not built), the CPUC was not able to support the project need in that 5-year horizon. The CPUC denied SDG&E's application for the Valley-Rainbow Interconnect without prejudice and stated SDG&E could re-file. SDG&E's Sunrise Powerlink Project is the replacement for the Valley-Rainbow Interconnect. In order to continue to reliably serve our customers until this new project is approved and constructed, SDG&E instituted the infrastructure upgrades mentioned in the previous response and solicited for demand response, renewables, and in basin generation.

• In the Sunrise Powerlink example, what route around the reservation was selected? Can you provide a map of the various routes under consideration? How much cost did this route add to the project? Is that cost per the 5 extra miles, or were there other costs?

The map (Central Link at OH3.pdf) shows a segment of the Sunrise Powerlink Project labeled the Central Link. The areas shaded in brown on either side of State Route 79 are Indian reservation lands. A preferred and an alternate route around the Santa Ysabel Reservation lands were selected as shown in dark and light blue. There were no specific routes analyzed through the reservation land, since the plan was to avoid all Indian reservations altogether. A potential route through the eastern tribal parcel, as illustrated by the red dashed line, could have provided a route shorter by approximately 5 miles. The additional miles of transmission line adds an estimated cost in excess of $4 million to the project, based on very preliminary information. A full environmental analysis and detailed engineering design necessary to develop an accurate cost estimate for this potential route was not completed.

SDG&E would consider siting the transmission line on the Santa Ysabel Reservation, if it were mutually beneficial to do so and pursued by both parties.

• In the San Goronio Pass example, you discuss a geographically narrow area for ROWs to pass through. Can you provide a map of this area?

Three maps are being sent to you via FedEx. These maps show the tribal reservations, geography, and infrastructure improvements going through the San Gorgonio Pass.

• In the San Goronio Pass example, you note that Questar relocated a pipeline off of the Morongo Reservation. We have received comments from Questar that make no mention of this issue, do you have any documents discussing the relocation that you can forward? Or, a contact a Questar who is familiar with the issue? Do you know if Questar was able to obtain regulatory approval to relocate the pipeline? Do you have any knowledge of disruptions in service because of this relocation?

Included with the maps being sent to you via FedEx are a reduced set of the construction drawings for The Questar Southern Trails Pipeline project and a page from the EIR stating the relocation was necessary "... because an agreement acceptable to the Morongo Band of Mission Indians (Morongo) has not been reached." The relocation was constructed. We are informed the pipeline was not in service at the time of the relocation.

- Under Other Concerns, you note in parenthesis renewals of "thousands" of ROWs for distribution lines that have not posed a problem. Please provide a range of the terms and compensation for these ROWs. How many of these renewals have been negotiated in the past 5 years? 10 years? 20 years?

Distribution records are maintained at various regional offices in paper format, so we do not have an exact count of the number of distribution easements on tribal lands. We have identified over 1500 easements, mostly for electrical service, and we believe there are many more. None of these easements require renegotiation as they have been granted for an indefinite term. Compensation was not paid for these easements as they provide natural gas and/or electric services to the Tribal members and their facilities. SDG&E and SoCalGas are precluded from paying compensation for such distribution easements under the Tariff Rules approved by the California Public Utility Commission for electric and gas service.

Rollie

202-586-3946 (office)

202-904-0497 (cell)

rollie.wilson@hq.doe.gov